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2014

# Australia LNG Industry Outlook to 2018

- Upcoming LNG Projects to Drive the Future Growth
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## EXECUTIVE SUMMARY

The report titled ‘**Australia LNG Industry Outlook to 2018 - Upcoming LNG Projects to Drive the Future Growth**’ provides a comprehensive analysis of the LNG industry in Australia covering various aspects such as market size, market segmentation, market share on the basis of current and future investments in existing and upcoming LNG projects, trends and future projections of the Australian LNG industry with key growth drivers and challenges impacting the industry. The report also provides detailed explanation of the various macro variables and industry factors driving the growth of Australia’s LNG industry.

The natural gas sector in Australia has engulfed the most important industry for the Australian economy – the LNG industry. The investment from institutional investors as well as from global oil majors contributes an important array for strong portfolio of LNG projects. These LNG projects will be contributing immensely towards growing participation of Australia’s LNG industry at global scale. Due to vast natural gas reserves of Australia, interest of major global and domestic Oil & Gas companies to leverage this excess capacity had resulted in formation of infrastructure for LNG exports to important gas consumer markets. These gas markets particularly in Asian countries are good opportunity for LNG business since their emerging economies had outpaced the domestic energy supply-demand balance and due to geographic proximity of Australia, the LNG export industry can flourish in long term prospects.

The market for Australia LNG industry is driven majorly by LNG export volumes which in turn depend upon the natural gas production from proved gas reserves and the LNG production. These export volumes also depends on the number of long term contracts or spot/short term gas sales contracts with the LNG importing countries. The LNG production in 2012 was ~ and showcased a CAGR of 6.3% during 2008-2013. The market size on a broader term is also decided by the proved gas reserves in Australia, as these vast gas reserves forms the basis for developing an export oriented LNG industry in Australia.

The major characteristics of Australian LNG industry solely depends on the portfolio of existing and under construction LNG projects and the respective investments into the establishments of projects. The market share of major global companies such as Chevron by investments in existing LNG projects is ~% with investment worth USD ~ billion in 2013 and domestic company Woodside Petroleum is having major share of ~% worth USD ~ billion. As of 2013, on the basis of under construction LNG projects, Chevron holds a big share among major companies with ~% worth USD ~ billion of investments. This is closely followed by Shell with ~% share in total investments invested in the category of under construction projects.

The outlook for Australia LNG industry is expected to be positive as LNG export volumes from Australia is going to reach ~ million tons by fiscal year 2018-19, giving a CAGR of 27.4% for 2013-2018. This is facilitated by Natural gas production in Australia which is expected to reach



~ billion cubic meters in fiscal year 2018-19 owing to gas sourcing for the LNG projects. The LNG prices also became an important variable affecting the LNG industry of Australia which is the pricing model prevailing in Asian region and is based on Japanese CIF (Cost Insurance Freight) terms. There will be depreciation in the LNG prices till 2018 with a CAGR of -2.4%, since long term gas sales agreement captures the majority of LNG volumes from Australia and hence will be affecting the short term LNG trade from Australia. The combination of several parameters such as government policy framework, investments cycle, competition from unconventional gas resources, regasification capacity of LNG importing countries, and role of Asian countries in driving the global LNG demand would be the key points validating the growth of the Australia's LNG industry.

#### Key Topics Covered in the Report:

- Market Size on the basis of proved natural gas reserves, LNG trade movements from Australia, value of LNG exports and LNG production in Australia
- Market Segmentation on the basis of LNG volumes imported by major LNG importing countries from Australia and Spot/Short term LNG trade volumes received by major LNG importing countries from Australia
- Market Share by major companies and their investments in existing as well as under construction LNG projects in Australia
- Future outlook and projections for Australia LNG industry
- Competitive Landscape of Major Players in LNG shipbuilding industry
- Benchmark Analysis of Australia with its peer competitive LNG exporting countries
- Growth Drivers and Challenges for Australia LNG Industry in terms of present and future scenario
- Detailed project profiles of existing as well as under construction LNG projects
- Snapshot of upcoming Floating LNG (FLNG) projects in Australia



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